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COMMISSION

49

REPORT

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PART III

OMB APPROVAL

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FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 ThereunderREPORT FOR THE PERIOD BEGINNING 01/01/2005 AND ENDING 12/31/2005
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: ALLEN C. EWING & CO.

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

50 NORTH LAURA STREET, SUITE 3625

(No. and Street)

JACKSONVILLE

FL

32202

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

BENJAMIN C. BISHOP, JR.

904-354-5573

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

LBA CERTIFIED PUBLIC ACCOUNTANTS, PA

(Name - if individual, state last, first, middle name)

1301 RIVERPLACE BOULEVARD, SUITE 2400 JACKSONVILLE

(Address)

(City)

FL

(State)

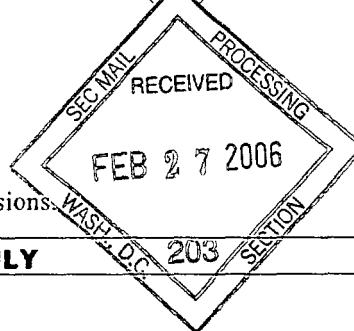
32207

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant☐ Public Accountant☐ Accountant not resident in United States or any of its possessions.

MAY 09 2006

THOMSON
FINANCIAL

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

I, BENJAMIN C. BISHOP, JR., swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ALLEN C. EWING & CO., as of FEBRUARY 24, 20 06, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

SHAARON M. ANDERSON
NOTARY PUBLIC OF FLORIDA
My commission expires Nov. 8, 2006
Commission No. DD145733

Benjamin C. Bishop Jr.
Signature
Chairman
Title

Shaaron M. Anderson
Notary Public

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the Board of Directors
Allen C. Ewing & Co.
Jacksonville, Florida

We have audited the accompanying consolidated statement of financial condition of Allen C. Ewing & Co. ("the Company") as of December 31, 2005, and the related consolidated statement of operations, changes in stockholder's equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Allen C. Ewing & Co. as of December 31, 2005, and the consolidated results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The information contained in the supplementary data is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. The computation of net capital computed under Rule 15c3-1 of the Securities and Exchange Commission on page 12 is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. The consolidating information on pages 13 through 15 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual companies. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

LBA Certified Public Accountants, PA.

January 13, 2006

THE LBA GROUP

LBA Certified Public Accountants, PA • LBA Financial Planning Partners, LLC
LBA Healthcare Consulting Services, LLC • LBA Retirement Plan Services, LLC

ALLEN C. EWING & CO.
CONSOLIDATED STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2005

ASSETS

Cash and cash equivalents	\$ 407,634
Restricted cash	100,000
Accounts receivable	53,146
Deferred tax asset	138,457
Furniture and equipment, net	22,871
Other assets	<u>20,656</u>
TOTAL ASSETS	<u>\$ 742,764</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Accounts payable and accrued expenses	\$ 82,651
Due to related party	<u>68,450</u>
Total Liabilities	<u>151,101</u>
STOCKHOLDER'S EQUITY:	
Controlling interest:	
Common stock	10
Additional paid-in capital	797,203
Accumulated deficit	<u>(138,363)</u>
Total controlling interest	<u>658,850</u>
Noncontrolling Interest In Affiliate	<u>(67,187)</u>
Total Stockholder's Equity	<u>591,663</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 742,764</u>

See accompanying notes.

ALLEN C. EWING & CO.
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2005

REVENUES:

Investment banking revenues	\$ 1,821,401
Brokerage commissions	301,120
Private placement commissions	325,399
Loan review	238,609
Interest and dividend income	<u>21,003</u>
 Total Revenues	 <u>2,707,532</u>

EXPENSES:

Salaries and employee benefits	1,754,257
General and administrative	261,325
 Occupancy and maintenance	 168,438
Brokerage and clearing	113,265
 Loan service related costs	 138,494
Professional and regulatory fees	124,207
 Advertising and marketing	 7,125
Depreciation	12,965
 Interest expense	 <u>7,373</u>
 Total Expenses	 <u>2,587,449</u>

**INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING
CHANGE AND PROVISION FOR INCOME TAXES**

120,083

CUMULATIVE EFFECT OF ACCOUNTING CHANGE

(36,114)

PROVISION FOR INCOME TAXES(18,364)**CONSOLIDATED NET INCOME**

65,605

**LESS: NET LOSS ATTRIBUTABLE TO NONCONTROLLING
INTEREST IN AFFILIATE**

31,074

**NET INCOME ATTRIBUTABLE TO CONTROLLING
INTEREST**

\$ 96,679

See accompanying notes.

ALLEN C. EWING & CO.
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
YEAR ENDED DECEMBER 31, 2005

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Non- Controlling Interest</u>	<u>Total Stockholder's Equity</u>
BALANCE, DECEMBER 31, 2004	\$ 10	\$ 832,203	\$ (271,156)	\$ 1	\$ 561,058
Cumulative effect of accounting change	-	-	36,114	(36,114)	-
Dividends	-	(35,000)	-	-	(35,000)
Net income (loss)	<u>-</u>	<u>-</u>	<u>96,679</u>	<u>(31,074)</u>	<u>65,605</u>
BALANCE, DECEMBER 31, 2005	<u>\$ 10</u>	<u>\$ 797,203</u>	<u>\$ (138,363)</u>	<u>\$ (67,187)</u>	<u>\$ 591,663</u>

See accompanying notes.

ALLEN C. EWING & CO.
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income	\$ 65,605
Adjustments to reconcile consolidated net income to net cash provided by operating activities:	
Cumulative effect of accounting change	36,114
Depreciation	12,965
Deferred tax expense	18,364
Net changes in:	
Accounts receivable	(13,838)
Other assets	(4,777)
Accounts payable and other liabilities	<u>59,112</u>
Net Cash Provided By Operating Activities	<u>173,545</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sale of investments	140,226
Purchase of fixed assets	<u>(9,301)</u>
Net Cash Provided By Investing Activities	<u>130,925</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Net advances from related party	10,429
Dividends	<u>(35,000)</u>
Net Cash Used By Financing Activities	<u>(24,571)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS	279,899
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CASH AND CASH EQUIVALENTS, BEGINNING	<u>127,735</u>
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CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 407,634</u>
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See accompanying notes.

ALLEN C. EWING & CO.
NOTES TO FINANCIAL STATEMENTS

NOTE 1: NATURE OF BUSINESS

Organization

Allen C. Ewing & Co. (ACE) is incorporated in the State of Florida as a registered broker/dealer with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers, Inc. (NASD) and the Securities Investor Protection Corporation (SIPC). The Company provides full-service securities brokerage and investment banking, which primarily includes advisory services to clients on corporate finance matters, mergers and acquisitions, and the issuance of public stock primarily in the Southeast United States.

Ewing Loan Advisors, Inc. (ELA) is incorporated in the state of Florida and provides loan advisory, consulting and management services to community banks, governmental banking agencies and corporations in the Southeast United States

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

Financial Accounting Standards Board Interpretation No. 46 (R), *Consolidation of Variable Interest Entities* ("FIN 46"), requires certain variable interest entities ("VIEs") to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties.

The accompanying financial statements include the accounts of Allen C. Ewing & Co. and its affiliate Ewing Loan Advisors, Inc. (collectively referred to as the "Company") which are under common control. During 2005, Allen C. Ewing & Co. adopted the Financial Accounting Standards Board Interpretation No. 46R Consolidating Variable Interest Entities - Interpretation of ARB No. 51. Ewing Loan Advisors, Inc. is a variable interest entity of Allen C. Ewing & Co. and, accordingly, consolidation is required. All material intercompany balances and transactions have been eliminated.

Cash and Cash Equivalents

Any instrument which has an original maturity of ninety days or less when purchased is considered a cash equivalent.

ALLEN C. EWING & CO.
NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Cash

Restricted cash is held by the Company for the purpose of complying with the Securities and Exchange Commission's Uniform Net Capital Rule. (Rule 15c3-1) see Note 5.

Fixed Assets

Furniture, fixtures and equipment are carried at cost, less accumulated depreciation. Depreciation is calculated on the straight-line method over the estimated useful lives of the underlying assets, which range from three to seven years.

Income Taxes

Income taxes are accounted for under the asset and liability method as prescribed by Statement of Financial Accounting Standard No. 109, "Accounting for Income Taxes." Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets are reduced, if necessary, by the amounts of any tax benefits that, based on available evidence, are not expected to be realized.

Revenue Recognition

Investment banking revenues are earned by providing advisory services to clients on corporate finance matters, including mergers and acquisitions and the issuance of public stock. Investment banking revenues are recognized when earned.

Commissions are earned on securities transactions with a clearing broker/dealer initiated on behalf of customers. Additional commissions are also earned on sales of mutual fund shares and variable annuities and are received directly from the related fund or issuer. All commission revenue is recognized as income when earned.

ALLEN C. EWING & CO.
NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

The Company's policy is to expense advertising and promotion costs as the costs are incurred. Advertising cost for the year ended December 31, 2005, was \$7,125.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3: RELATED PARTY TRANSACTIONS

As of December 31, 2005, ELA was advanced \$65,000 in the form of two promissory notes from its sole stockholder, Ewing Capital Partners, LLC (the "Partnership"). The notes bear 6 percent interest per annum and are due on demand. At December 31, 2005, the Company incurred \$3,450 of interest expense. In addition, ACE also paid \$10,000 in management fees to the Partnership during the year ended December 31, 2005.

NOTE 4: COMMON STOCK

As of December 31, 2005, common stock consisted of the following:

Allan C. Ewing & Co.:

Common Stock, \$0.10 par value, 15,000 shares authorized, 100 shares issued and outstanding	\$ 10
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Ewing Loan Advisors, Inc.:

Common Stock, \$1.00 par value, 100,000 shares authorized, 1 share issued and outstanding	\$ 1
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ALLEN C. EWING & CO.
NOTES TO FINANCIAL STATEMENTS

NOTE 5: NET CAPITAL REQUIREMENTS

ACE is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1) which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. The SEC is empowered to restrict ACE's business activities should its net aggregate indebtedness to capital ratio exceed 15 to 1. At December 31, 2005, ACE had net capital of \$421,090, which was \$301,090 in excess of its required net capital of \$120,000. At the same date, ACE's ratio of aggregate indebtedness to net capital was .18 to 1. Accordingly, the Company was in compliance with the net capital requirements.

NOTE 6: INCOME TAXES

Deferred income taxes result from the recognition of net operating loss carryforwards and temporary differences between the carry amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax reporting purposes.

The components of the deferred tax asset are summarized as follows:

Net operating losses	\$ 129,361
Goodwill	10,695
Depreciation	<u>(1,599)</u>
Net Deferred Tax Asset	<u>\$ 138,457</u>

The difference between income tax computed at the federal statutory rates and the actual tax benefit for the year ended December 31, 2005, is summarized as follows:

Tax on income at federal statutory rates	\$ 16,800
State taxes, net of federal tax benefit	2,866
Tax effect of net non-taxable items	<u>(1,302)</u>
Provision for income taxes	<u>\$ 18,364</u>

The Company has total net operating loss carryforwards available to offset future taxable income of approximately \$400,000. To the extent not used, these loss carryforwards will begin to expire in 2023.

ALLEN C. EWING & CO.
NOTES TO FINANCIAL STATEMENTS

NOTE 7: SUBORDINATED CLAIMS

As of December 31, 2005, the Company had no liabilities which were subordinate to the claims of general creditors.

NOTE 8: COMMITMENTS AND CONTINGENCIES

Leases

The Company rents office space under operating leases in Jacksonville, Florida and Charlotte, North Carolina. Rent expense under these leases amounted to \$168,438 for the year ended 2005. Future minimum payments under these leases are as follows:

Year Ending
December 31:

2006	\$ 166,466
2007	174,950
2008	<u>29,414</u>
	<u>\$ 370,830</u>

Cash

The Company places its temporary cash investments with high quality financial institutions. At time, such investments may be in excess of FDIC insured limits. The Company does not believe it is exposed to any significant credit risk with respect to cash and cash equivalents.

NOTE 9: CONCENTRATION

During 2005, the Company entered into an investment banking agreement with a bank client whereby the Company received fees totaling approximately \$1,100,000 plus expenses.

ALLEN C. EWING & CO.
COMPUTATION OF NET CAPITAL COMPUTED UNDER RULE 15C3-1
OF THE SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2005

Schedule 1

Net capital:

Stockholder's equity	\$ 658,850
Less:	
Fixed and other nonallowable assets	(231,199)
Haircuts on money markets	<u>(6,561)</u>
Net capital	<u>\$ 421,090</u>
Minimum net capital required	<u>\$ 120,000</u>
Excess net capital	<u>\$ 301,090</u>
Aggregate indebtedness - accounts payable and other liabilities	<u>\$ 77,105</u>
Excess net capital at 1,000%	<u>\$ 413,380</u>
Ratio: Aggregate indebtedness to net capital	<u>.18 to 1</u>

Statement Pursuant to Paragraph (d)(4) of Rule 17a-5
of the Securities and Exchange Commission

There are no differences between this computation of net capital and the corresponding calculation prepared by the Company and included in the Company's unaudited Part LIA FOCUS Report for the quarter ended December 31, 2005, as amended.

ALLEN C. EWING & CO.
CONSOLIDATING STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2005

	<u>Allen C. Ewing & Co.</u>	<u>Ewing Loan Advisors, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 404,756	\$ 2,878	\$ -	\$ 407,634
Restricted cash	100,000	-	-	100,000
Accounts receivable	15,618	37,528	-	53,146
Due from related party	69,178	-	(69,178)	-
Deferred tax asset	104,527	33,930	-	138,457
Furniture and equipment, net	21,220	1,651	-	22,871
Other assets	<u>20,656</u>	<u>-</u>	<u>-</u>	<u>20,656</u>
TOTAL ASSETS	<u>\$ 735,955</u>	<u>\$ 75,987</u>	<u>\$ (69,178)</u>	<u>\$ 742,764</u>
<u>LIABILITIES AND STOCKHOLDER'S EQUITY</u>				
Accounts payable and accrued expenses	\$ 77,105	\$ 5,546	\$ -	\$ 82,651
Due to related party	<u>-</u>	<u>137,628</u>	<u>(69,178)</u>	<u>68,450</u>
Total Liabilities	<u>77,105</u>	<u>143,174</u>	<u>(69,178)</u>	<u>151,101</u>
STOCKHOLDER'S EQUITY:				
Controlling interest:				
Common stock	10	1	(1)	10
Additional paid-in capital	797,203	-	-	797,203
Accumulated deficit	<u>(138,363)</u>	<u>(67,188)</u>	<u>67,188</u>	<u>(138,363)</u>
Total Controlling Interest	<u>658,850</u>	<u>(67,187)</u>	<u>67,187</u>	<u>658,850</u>
Noncontrolling interest in affiliate	<u>-</u>	<u>-</u>	<u>(67,187)</u>	<u>(67,187)</u>
Total Stockholder's Equity	<u>658,850</u>	<u>(67,187)</u>	<u>-</u>	<u>591,663</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 735,955</u>	<u>\$ 75,987</u>	<u>\$ (69,178)</u>	<u>\$ 742,764</u>

ALLEN C. EWING & CO.
CONSOLIDATING STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2005

	<u>Allen C. Ewing & Co.</u>	<u>Ewing Loan Advisors, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
REVENUES:				
Investment banking revenues	\$ 1,821,401	\$ -	\$ -	\$ 1,821,401
Brokerage commissions	301,120			301,120
Private placement commissions	325,399	-	-	325,399
Loan Review	-	238,609	-	238,609
Interest and dividend income	21,003	-	-	21,003
	<u>2,468,923</u>	<u>238,609</u>	<u>-</u>	<u>2,707,532</u>
Total Revenues				
EXPENSES:				
Salaries and employee benefits	1,650,027	104,230	-	1,754,257
General and administrative	211,398	49,927	-	261,325
Occupancy and maintenance	168,438	-	-	168,438
Brokerage and clearing	113,265	-	-	113,265
Loan service related costs	-	138,494	-	138,494
Professional and regulatory fees	124,207	-	-	124,207
Advertising and marketing	3,934	3,191	-	7,125
Depreciation	12,567	398	-	12,965
Interest expense	-	7,373	-	7,373
	<u>2,283,836</u>	<u>303,613</u>	<u>-</u>	<u>2,587,449</u>
Total Expenses				
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE AND PROVISION FOR INCOME TAXES				
	185,087	(65,004)	-	120,083
CUMULATIVE EFFECT OF ACCOUNTING CHANGE				
	(36,114)	-	-	(36,114)
PROVISION FOR INCOME TAXES				
	(52,294)	33,930	-	(18,364)
NET INCOME (LOSS)				
	<u>\$ 96,679</u>	<u>\$ (31,074)</u>	<u>\$ -</u>	<u>\$ 65,605</u>

ALLEN C. EWING & CO.
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2005

	<u>Allen C. Ewing & Co.</u>	<u>Ewing Loan Advisors, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)	\$ 96,679	\$ (31,074)	\$ -	\$ 65,605
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:				
Cumulative effect of accounting change	36,114			36,114
Depreciation	12,567	398	-	12,965
Deferred tax expense	52,294	(33,930)	-	18,364
Net changes in:				
Accounts receivable	7,814	(21,652)	-	(13,838)
Other assets	(4,777)	-	-	(4,777)
Accounts payable and other liabilities	54,287	4,825	-	59,112
Net Cash Provided (Used) By Operating Activities	<u>254,978</u>	<u>(81,433)</u>	<u>-</u>	<u>173,545</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale of investments	137,680	2,546	-	140,226
Purchase of fixed assets	(7,252)	(2,049)	-	(9,301)
Advance to related party	(69,178)	-	69,178	-
Net Cash Provided By Investing Activities	<u>61,250</u>	<u>497</u>	<u>69,178</u>	<u>130,925</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Net advances from related party	-	79,607	(69,178)	10,429
Distribution to shareholders	(35,000)	-	-	(35,000)
Net Cash (Used) Provided By Financing Activities	<u>(35,000)</u>	<u>79,607</u>	<u>(69,178)</u>	<u>(24,571)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	281,228	(1,329)	-	279,899
CASH AND CASH EQUIVALENTS, BEGINNING	<u>123,538</u>	<u>4,197</u>	<u>-</u>	<u>127,735</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 404,766</u>	<u>\$ 2,868</u>	<u>\$ -</u>	<u>\$ 407,634</u>

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL
STRUCTURE REQUIRED BY SEC RULE 17a-5**

To the Stockholder
Allen C. Ewing & Co.
Jacksonville, Florida

In planning and performing our audit of the financial statements of Allen C. Ewing & Co. (the Company) for the year ended December 31, 2005, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

Also, as required under Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and the procedures for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13, or in complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System, or in obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3, because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not

THE LBA GROUP

LBA Certified Public Accountants, PA • LBA Financial Planning Partners, LLC
LBA Healthcare Consulting Services, LLC • LBA Retirement Plan Services, LLC

absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control that we consider to be material weaknesses as defined above. In addition, the Company was in compliance with the exemptive provisions of Rule 15c3-3 as of December 31, 2005, and no facts came to our attention indicating that such conditions have not been complied with during the year then ended.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2005, to meet the SEC's objectives.

This report is intended solely for the information and use of the board of directors, management, the SEC, the National Association of Securities Dealers, Inc., and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

LBA Certified Public Accountants, P.A.

January 13, 2006

LBA